



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

CLEAN ENERGY

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| IN THE MATTER OF THE RENEWABLE ENERGY |) | |
| ADVANCED POWER (REAP) PROGRAM WITH |) | ORDER |
| WARREN COUNTY LANDFILL, LLC (WCLE) AND |) | |
| WITH OCEAN COUNTY LANDFILL GAS TO |) | DOCKET NO. |
| ENERGY PROJECT |) | EO06020118 & |
| |) | EO06020116 |

(SERVICE LIST ATTACHED)

BY THE BOARD:

This Order memorializes actions taken by the New Jersey Board of Public Utilities (Board) at its November 9, 2006 Agenda Meeting.

In October, 2003, the Office of Clean Energy (OCE) of the Board of Public Utilities (Board) issued a grant solicitation under the Renewable Energy Advanced Power (REAP) program. REAP is designed to facilitate the construction of distributive energy generation projects in New Jersey using renewable energy sources. Such renewable sources may include wind, solar, landfill and biomass gas, or fuel cells using renewable fuels. The OCE's objective in issuing this solicitation was to provide seed grants and access to capital that would make renewably powered electricity cost competitive with conventional power plants. The resulting diversity of power supply is expected to provide significant environmental benefits to the people of New Jersey and to encourage the development of a thriving renewable energy market in New Jersey.

Two of the grant applications received by OCE Staff are addressed herein. The first was from Warren County Landfill Energy LLC, jointly owned by Marina Energy LLC and DCO Energy, LLC (hereinafter WCLE). The second came from Ocean Energy Corp., Inc. (OEI), formed by Atlantic Pier Company, Inc. which is the parent of Ocean County Landfill Corporation, Inc. (OCLC), the owner and operator of the Ocean County Landfill (OCLC Landfill) in Manchester Township, NJ.

Warren County Landfill Gas to Energy Project

This proposal involves the construction of two reciprocating internal combustion electrical generators fueled by renewable landfill gas. Electric capacity and energy will be produced for sale to the PJM wholesale market for sale to retail customers. The project will occupy approximately 12,600 square feet of land leased by WCLE adjacent to the existing landfill. The project will purchase landfill gas from the Pollution Control Financing Authority of Warren County, and has met or exceeded all applicable emissions standards required to obtain the requisite permits from the Department of Environmental Protection (DEP).

This project will be connected with an existing Jersey Central Power and Light Co. (JCP&L) 34.5kv transmission line located in the southern boundary of the landfill. The interconnection will consist of a new 34.5kv transmission line, to be constructed between the energy plant and the existing transmission line on landfill property. This interconnection will allow the project to sell wholesale energy to the PJM grid. Any necessary investments to ensure the adequacy of project interconnection will follow completion of a PJM feasibility study.

The project developers initially requested a REAP grant in the amount of \$1,537,759, or twenty percent of the total capital cost of \$7,688,794. At the request of the OCE, the Board Economist's Office reviewed the project's financial data and the parties subsequently agreed upon a reduced grant award of \$1.2 million, the amount for which approval is now sought. WCLE is borrowing the remaining money needed to finance the other project costs from South Jersey Industries, Inc. South Jersey Industries is the corporate parent of Marina Energy LLC., which jointly owns WCLE with DCO Energy, LLC.

Ocean Energy Corporation Landfill Gas to Energy Project

This proposal involves the construction and operation of six 1600 kW internal combustion engines to be fueled by renewable landfill gas. Electric capacity and energy will be produced for sale to the PJM wholesale market for sale to a retail customer. The project has met all applicable emissions standards required by the DEP.

This project will be connected directly to Jersey Central Power and Light's (JCP&L) distribution system and the PJM Power Pool. The project will be able to sell capacity and energy to the wholesale market rather than using a net metering arrangement to offset the retail cost of loads at the facility. If a PJM facility study currently underway determines that the existing distribution circuit is adequate to interconnect the additional 9.6 MW of production without major modifications, this circuit will be used for the interconnection. If the PJM study determines that the distribution circuit does not provide adequate reliability, then a line extension will be installed. The facility owner will be responsible for the installation, operation and maintenance of all equipment on its side of the isolating disconnect switch.

When the proposal was originally submitted on December 12, 2003, the project developers requested a grant from the REAP Program in the amount of \$2.29 million to \$2.97 million, or twenty percent of the total qualified project cost, whichever is the lesser. The project developers subsequently revised that request downward to approximately \$2 million. After recommending this project for preliminary approval and consideration for funding, the OCE asked the Board Economist's Office to review the project financial data to determine whether the project could be cost effective without Clean Energy Program funds. The Economist's Office asked for and received additional project financial background data from OECl. Upon review, the Economist's Office recommended a reduced grant award. Ultimately it was agreed by both parties that a reduced grant award of \$1.5 million be recommended to the Board.

The developers did not request financing from the New Jersey Economic Development Authority (EDA) but plan to obtain the remainder of the financing using a \$6,040,000 loan through Comerica Bank.

Both projects will contribute to the goals and objectives established by the Legislature under the Electric Discount and Energy Competition Act of 1999 and the Governor's Renewable Energy Task Force, which calls for 300 MW of Class I renewable energy to be installed by 2008.

Discussion and Findings

In considering the eligibility of these projects for funding under this program, the Board looks first to the contribution they will make to distributed generation using renewable energy. These projects will utilize landfill gases to fuel generators and engines which would otherwise be fueled by non-renewable resources. Among these landfill gases is methane, which is known to be twenty-one times more potent a greenhouse gas than carbon dioxide. Capturing the landfill gas and burning it to produce electricity is considered a best-practice greenhouse gas mitigation technique for landfills. In addition as a pre-condition to receiving consideration for funding by this Board, these projects have received all applicable approvals from the DEP. Thus, the Board **FINDS** that these projects constitute distributed generation of renewable energy, and that their completion will further the environmental and economic goals of the Board through electricity cost containment, improved air quality and reduced greenhouse gas emissions, to the benefit on New Jersey citizens.

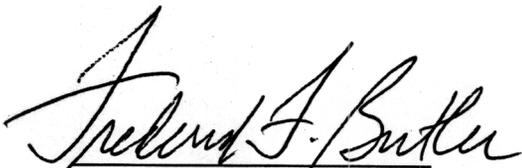
Upon consideration of the facts set forth above, the Board **FINDS** that a grant of \$1.2 million under the REAP program to the Warren County Landfill Gas to Energy Project is appropriate and a proper expenditure of the ratepayers' funds. The Board further **FURTHER FINDS** that funding in the amount of \$1.5 million for the Ocean Energy Corporation Gas to Energy Project is appropriate. Now, therefore, in accordance with the policy established by the Board and the approval of the Clean Energy Program fund payment policies and procedures, the Board **HEREBY AUTHORIZES** a grant of \$1.2 million to WCLE and a grant of \$1.5 million to OECl in accordance with relevant terms and conditions herein and in Department of Treasury approved contracts to be executed by the parties. The Board **FURTHER ORDERS** that letters under the Board President's signature be sent to the New Jersey Economic Development Authority authorizing its

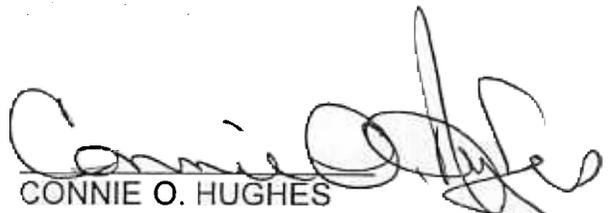
payment of the grant monies to the project developers upon OCE approval of invoiced expenses. The Board **FURTHER ORDERS** that the OCE Director and the Board's Chief of Staff be authorized to approve the payment of invoices when they are received and found to be in order.

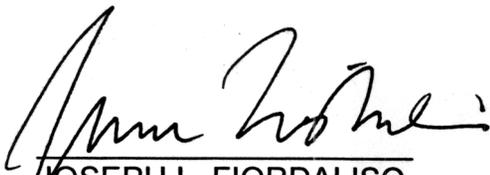
DATED: 1/25/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

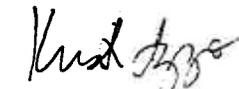

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COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

